

Exhibit B

Bettman, Collins outline growth strategy

Q&A WITH...

GARY BETTMAN

NHL COMMISSIONER

JOHN COLLINS

NHL SR. EXEC. VP, BUSINESS AND MEDIA

Three years after shutting down, for a season in an attempt to get salaries under control, the NHL is once again trying to establish a larger national identity. Most local clubs are strong, but there won't be any uptick in league business until the hockey fan's footprint is as diverse as the league's geography, which sees the NHL playing in such nontraditional markets as Florida, Arizona, Ohio and Tennessee.

Looking to rebuild the league's national business, Commissioner Gary Bettman hired former NFL marketer and Cleveland Browns President/CEO John Collins late last year. A subsequent reorganization of the league offices saw the NHL combine all of its business and media units, with Collins heading them under the new title of senior executive vice president of business and media. Collins helped readjust the NFL sponsorship model several years back when that league was ceding sponsorship rights back to its clubs. Now league NFL sponsorship revenue is at a record level, as is activation. This is not to suggest that the NHL has the NFL's reach, but the formula it's adapting is the same: marshal media assets, build additional platforms and give marketers a well-articulated bundle of events and media to support.

Bettman and Collins discussed the league's new marketing direction recently in the commissioner's 47th floor midtown Manhattan office with SportsBusiness Journal's Terry Lefton.

■ SBJ: You are rebuilding the league's national business. Does that mean the clubs are all sound financially?

BETTMAN: For us the emphasis the first two years back was making sure the clubs were healthy. The new CBA was about that and the clubs are healthier. The focus is now to restore and grow our national businesses. Leaguewide, revenues are up and at record levels. It's now time to do what we need to do nationally — both in Canada and the U.S.

■ SBJ: A market like Carolina winning was pretty good evidence that you fixed any com-

petitive problems.

BETTMAN: Look at the finals markets for the past two years, Edmonton/Carolina and Ottawa/Anaheim; the competitive balance is there and we had great races in the regular season. At our last board meeting, we showed a slide showing the [average] premium a club has to pay to get to the third and fourth [playoff] round. That premium went from 30 percent to single digits [post-lockout] to negative numbers in some cases, meaning the highest payroll did not ensure performance. ... I don't think we have a franchise that would sell for less than \$200 million and most wouldn't sell for anything close to that. Our top half dozen or so would go for more than \$400 million — if they would ever be for sale.

■ SBJ: So what are the specifics on fixing the national business of the NHL?

COLLINS: It's not so much "fixing it" as building some national scale. Our research shows us we have 53 million fans who love the NHL, but most of that has been tribal [local]. Some have suggested that's a weakness — we see the local passion as something to build on. We're not the NFL, MLB or NASCAR — they hit you over the head with size and scale. But we're also not a niche sport like some of the ones we're often compared to; they have businesses in the hundreds of millions. Hopefully, we can be nimble and integrated and offer value for not the kind of out of pocket that the NFL demands. The focus is on building a national halo over the local business in a way that will drive revenue. ... We need to be able to deliver across North America on a scale that the big boys demand. We have 53 million fans, we have a \$2.3 billion business, so we can deliver scale and offer a unified multiplatform approach advertisers want.

BETTMAN: We'll build enough [league] platforms so that fans of any club will have reasons to connect to us without regard to who's playing.

■ SBJ: Makes sense, but how will you get someone like a Philadelphia Flyers fan to care about or watch a team like Vancouver?

COLLINS: It starts in the arenas. You've seen the discussions we've had lately, so clearly we think every team should come through every market annually — either on TV against the local club or in person. In arena, we want to take every player and

every story in-arena and expose it to the 22 million (total attendance) fans, with better real-time highlights for in-arena highlights for our broadcast partners and in our buildings. The NFL's broadcast partners have always done a greater job with that because they need you to watch "Sunday Night Football," "Monday Night Football" and everything else. We need to do that for ourselves. Maybe that's in the form of game breaks or intermission reports we could deliver. We also want to deliver real-time fantasy stats, because fantasy is another huge trigger to TV consumption, as anyone at the NFL would tell.

We need to create new league touchpoints and assets. The outdoor game in Buffalo is one thing, but we will build up our event calendar for sponsors to activate against. We need to create a wave they can ride. After the outdoor game, we'll have a fully developed playoff marketing push. The potential is there. In Canada our research says Stanley Cup is a better brand than NHL, but it's also right there with the biggest sports brands, including the Olympics.

The other mission is developing more of a unified media strategy. We need to clearly address the U.S. national TV ratings issue. It is still, unfortunately, the metric by which North American marketers judge the health

the league level. We can aggregate that and support it with overall digital broadband effort. Our ability to syndicate digital content will be dramatically enhanced.

So you add up that media scale and we can begin to monetize. Sponsorship-wise, we are operating on a model that has been successful at the NFL and we have an opportunity to be more successful as far as a multiple than the NFL because we are more integrated and of course the guy now running it [Keith Wachtel, senior vice president of corporate sales and marketing] was at the NFL for six years. We also have a big opportunity in getting some of our big partners, like Kraft and McDonald's, who activate in a big way in Canada, to see value to activating in the U.S.

■ SBJ: Is that planned as an advertising model or a subscription model?

COLLINS: It is an ad model, but some clubs, like the Islanders, were working with a subscription model.

■ SBJ: You've been taking a long look at the brand with Y&R. What have you learned?

COLLINS: In the U.S., the immediate market focus is activating the [existing] fan base and getting them to do more. We think we can build a lot more business on dot-com, on our e-commerce because 40 percent of our U.S. fan base lives in a different state than their favorite NHL team. If you look at the more mature franchises, like Boston and the New York Rangers, it's 70 to 75 percent. With the entire league changing its uniform, there's a massive opportunity for us. Database [marketing] is another big opportunity. We made a big hire there (ex-SI and NFL marketer Perry Cooper). In Canada, the strategy is to elevate the brand. Hockey is the national religion there, yet when we look at the NHL league brand, it's taken a back seat to the clubs. Clearly that's somewhat intentional, but we haven't developed or exploited the NHL brand to the extent we can. The new strategy is positioning the league as a unifying force ... which is about getting together with friends and family to watch "Hockey Night in Canada" or whatever. Stateside, the idea of acquiring fans in the U.S. is something we will address, but more immediately, activating this passionate fan base is our immediate focus.

BETTMAN: It's not that we aren't looking for new fans, but the route of growth for us

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"The focus is on building a national halo over the local business in a way that will drive revenue."

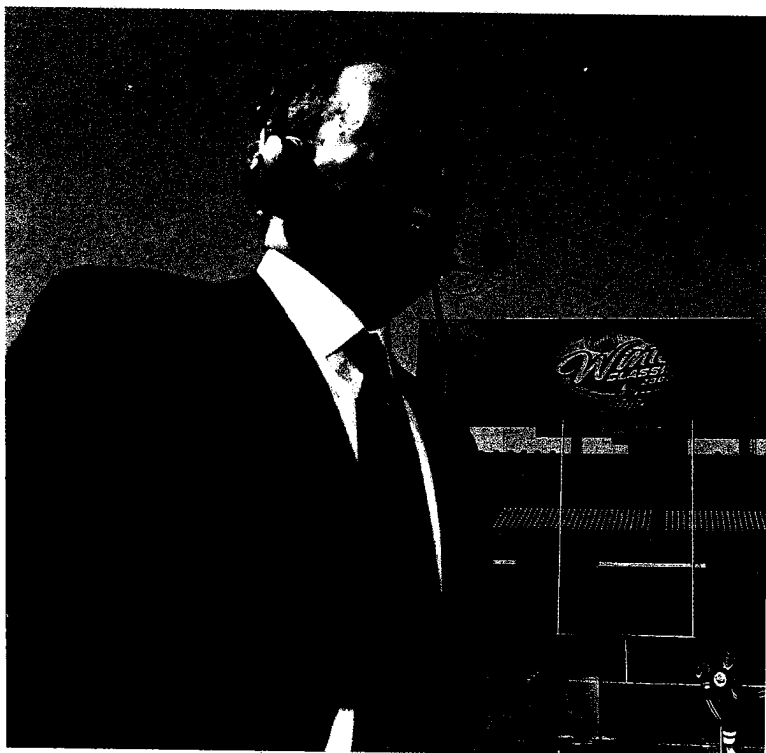
John Collins
NHL

and vitality of a sport.

The other important piece for us is expanding digital offerings. Offering a unified platform across 30 teams is a way to drive traffic and give advertisers a better position across the NHL. Video is a great traffic driver and ... we are making a huge move to broadband video. Every club will have their own video portal and do things like the morning skate, interviews after a game, all the behind-the-scenes content that happens at clubs. Teams have pledged to deliver a minimum three hours a week of video content to their own sites and at



Collins will be front and center in the league's efforts to grow its business, drawing from elements of a business model that worked successfully during his stint in the NFL.



Bettman said the outdoor game planned for Buffalo has already proved to be a success.

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[in the U.S.] is activating with our current fans. Let's be as healthy as we can be with fans we have, then we can worry more about new fans. Our credibility with marketers is probably stronger than ever. Looking at what we've been through and how we've come out of it, there can be no question about our brand's strength. That should be reassuring for people who want to associate their brand with ours.

■ **SBJ:** You sold out tickets to the (Jan. 1, Buffalo Sabres/Pittsburgh Penguins) outdoor game in Buffalo in less than 30 minutes. Other than that, what are other measures of success for that game?

BETTMAN: Ticket sales, no one can question that. Sponsorship activation we've

got from Pepsi for Amp, and from Verizon Wireless, Dodge, Budweiser and our media partners. It was a big deal for NBC to give us the game on one of the biggest [TV] viewing days of the year. We'll see what the rating is, but it is only one element. No matter what the rating is — and I anticipate a good one — this event is already a success. We have created buzz and gotten activation.

COLLINS: It also shows we can use different muscles, and it launches our new model, so you could say that's the start of the new league business model.

■ **SBJ:** The supposition in the market is that the NHL has to get back on ESPN to get credibility and I am sure it is the first thing any prospective sponsor asks about.

BETTMAN: I reject that notion. ESPN is an

important brand in the space, but I don't think anyone should define us more than we define ourselves, so I don't think that's accurate.

We have credibility and we made a deal [with Versus] that we were comfortable with at the time for all the right reasons. We're still comfortable with it and, if ESPN is interested in rejoining us, that's a discussion we'll be happy to have.

■ **SBJ:** While we're on the subject of TV, where do you stand on moving your own TV network from Canada to the U.S.?

BETTMAN: We'll probably launch within the next few weeks. Jody Shapiro (group vice president of Center Ice and the NHL Network) is in the final stage of carriage negotiations, so I don't want to give you numbers yet, but we may all be pleasantly surprised. It's a little bit in flux because

we're doing some innovative things that we think will maximize carriage. Will we likely be on a pay tier like everyone else in the space — yes. But we are exploring some ways that might be a creative means to expand distribution. We can launch quickly because of how developed the network is in Canada. We can light it up in a matter of days, if needed. That will, of course, be another new media asset for us to sell.

■ **SBJ:** Has the league's international strategy changed as well?

BETTMAN: We're going to look to having more events in Europe, and having more online video and TV exposure there. With a third of our players coming from Europe, obviously there's opportunity, but we've always been careful not to want our supply lines stretched. We wanted to be as strong as

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NHL fans know their tech

The NHL has long asserted that its fans are the most tech-savvy in sports. Exclusive data provided to SportsBusiness Journal by Scarborough Sports Marketing seems to support that belief. Twenty-four percent of NHL loyal fans live in households that own an HDTV, and more than 70 percent have a broadband connection (cable or DSL) at home.

The final column shows the percentage of those who spent at least \$1,000 on Internet purchases during the past 12 months.

League	Households with HDTV	Households with broadband	Internet purchases
College basketball	22.0%	66.9%	23.9%
College football	21.8%	66.6%	23.9%
MLB	20.8%	67.8%	23.0%
MLS	22.0%	68.3%	24.9%
NASCAR	19.9%	59.6%	19.0%
NBA	21.4%	66.1%	21.8%
NFL	21.6%	66.7%	22.7%
NHL	24.0%	70.3%	25.0%
PGA	22.3%	67.5%	25.5%
U.S. average	17.5%	64.4%	20.8%

Source: Scarborough Sports Marketing (February 2006 - March 2007)

On the Web

For extensive research on the demographics of NHL fans, and their preference for various brands, visit our Web site: www.sportsbusinessjournal.com.



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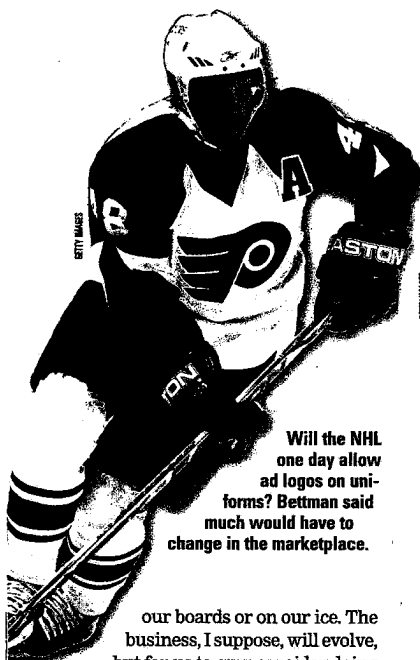
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we could be in North America first, but that [expanding the European business] is also a priority now.

■ **SBJ:** Product integration has been a marketing buzzword for a few years in marketing circles. The NHL is a league in need of new business. Would you put advertisers' logos on goal pipes or uniforms if the right offer came along?

BETTMAN: The easy response would be for me to say "never." It wasn't that long ago when there was no advertising on



Will the NHL one day allow ad logos on uniforms? Bettman said much would have to change in the marketplace.

our boards or on our ice. The business, I suppose, will evolve, but for us to ever consider doing that, it would have to be clear to me and our owners that was the way the industry was going and it would have to be a really, really good deal and tastefully done. I don't want the headline to read we're considering this, because we have nothing active. Remember it wasn't long ago that stadiums and arenas weren't named. If this becomes a fact of life we'll have to deal with it like everyone else.

"Looking at what we've been through and how we've come out of it, there can be no question about our brand's strength."

Gary Bettman
NHL commissioner

COLLINS: There are those endemic opportunities we can work on whether it's in the communications area (NFL/Motorola) or in the hockey operations arena. If we think we are getting fair value, it's something we'd love to bring to the commissioner and the owners.



Teams are being asked to share best practices in areas such as ticketing and sponsorship that can help grow bottom lines and fan bases.

Teams say they are willing to share

BY WAYNE KARL

CORRESPONDENT

Regardless of what happens on the ice, NHL teams should be better equipped on the business side this coming season, thanks to another expansion of the club services group at league headquarters.

The NHL has committed to a plan for its club consulting and services division to help member teams share information on business practices, such as ticketing and sponsorship sales, with the ultimate goal to increase revenue.

"We're working with our clubs, on a consulting basis, to be more hands-on in helping them in day-to-day business operations," said Susan Cohig, senior vice president of club consulting and services. "Over the next five years, we expect to increase revenue, but at this point we're really just developing benchmarks, which will help deliver success."

Cohig declined to comment on previous reports that the strategy could produce \$85 million in additional, combined team revenue over that period.

Formerly known simply as the club services division, the league recently added the word "consulting" to the department name to reflect the consultative nature of its relationship with member clubs, said Cohig, whose title changed from vice president of strategic development.

The NHL's club consulting and services group will increase its staff to 14 from five, hiring analysts and account managers to operate as four account teams. Each of those teams will be responsible for a roster of six to eight NHL member clubs. These units will manage relationships with their NHL teams and help them identify issues, opportunities and trends, Cohig said.

So far, NHL teams appear to be embracing the expanded operation.

"[It's] extremely helpful," said Cyril Leeder, chief operating officer for the Ot-

tawa Senators and the team's rink, Scotiabank Place. "The NBA has been doing this with great results. Many NHL teams are approaching [or exceeding] \$100 million in revenues, so if you are able to improve your revenues just half of 1 percent, that is a \$500,000 improvement.

"Similarly, on expenses, if you can save 2 percent on your expenses it could result in a seven-figure improvement in your operating results."

Leeder said the Senators have already implemented changes from this sharing of information. For example, the club now allows its season-ticket holders to sell tickets

Colorado," Andrews said.

Unlike previous reports in which the NHL seemed to play down that its club services might resemble the NBA's team marketing and business operations department, the league now openly admits it followed a road map set out by its basketball counterparts.

Cohig in part received advice from Bernie Mullin, president and CEO of Atlanta Spirit (parent company of the Atlanta Hawks, Atlanta Thrashers and Philips Arena) and Scott O'Neil, senior vice president of team marketing and business operations for the NBA. "They provided counsel on where their challenges were," Cohig said. "There definitely were some similarities in the process."

One of those challenges might have been sharing sales and marketing information — something NHL teams traditionally have not done. But Cohig does not expect there to be much reluctance.

"The clubs have been really supportive of the overall concept and have been very forthcoming," she said. "We expect full cooperation."

It's all part of the post-lockout NHL, where teams can be fierce competitors on the ice, but cooperative industry counterparts off it.

"Everyone is getting on the same page that the way to build a successful and healthy league is to have teams, the league office and players working together for the betterment of the league," Leeder said.

Matt Majka, executive vice president of the Minnesota Wild, said, "While we certainly compete to win on the ice, we believe it's in everyone's best interest to support each other from a business operations standpoint. We are all in the business of selling and promoting the NHL product and the ultimate goal is 30 thriving NHL markets."

Wayne Karl is a writer in Toronto.

"We are all in the business of selling and promoting the NHL product and the ultimate goal is 30 thriving NHL markets."

Matt Majka
Minnesota Wild

they can't use at face value on the Senators' online ticket site, an idea that came directly from information shared by the Philadelphia Flyers.

Paul Andrews, executive vice president and chief marketing officer of Kroenke Sports Enterprises, which owns the Colorado Avalanche, is on the NHL's marketing board of advisers and worked closely with Cohig to launch the new division.

"If a team in another part of the country is finding great success with a certain single-game promotion that could be used in our market to drive revenue, I would like to know about it and implement it here in